

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In re of Applications of)	
)	
AMERITECH CORP.,)	
Transferor,)	
)	
and)	
)	
SBC COMMUNICATIONS, INC.,)	CC Docket No. 98-141
Transferee)	
)	
for Consent to Transfer Control)	
of Corporations Holding Commission)	
Licenses and Authorizations)	
Pursuant to Sections 214 and 310(d))	
of the Communications Act and)	
Parts 5, 22, 24, 25, 63, 90,)	
95 and 101 of the Commission's)	
Rules)	

AFFIDAVIT OF KEVIN E. BRAUER

I. Introduction.

SBC's proposed merger with Ameritech is a significant threat to Sprint's and other companies' ability to compete for telecommunications business in the home areas of Ameritech and SBC. If these companies combine, the single company will control vital last mile facilities to 58 million access lines.

I will explain the plans Sprint has to compete with the RBOCs and detail some of the significant problems that the RBOCs potentially cause Sprint. SBC combined with Ameritech, has the power to harm local competition by providing poor access to their last mile and collocation space facilities as well as by refusing to cooperate with competitors'

requests for new ways of providing essential inputs (or new inputs) that may be needed for new services. The large scope of the combined company increases the opportunity for one company to negatively affect a very large part of the market.

Before providing this detail, I will briefly set forth my relevant experience in the telecommunications field. I am the President of Sprint's National Integrated Services organization. As president of this organization, I am responsible for implementing Sprint's new, innovative, state-of-the art technology platform and service. Sprint recently announced this new platform and service - Sprint ION, Sprint's Integrated On-demand Network.

I have held my current position for the last year. Before that, I was the President of Sprint Business, the group responsible for serving Sprint's larger business customers. I have also served as a Sprint senior vice president responsible for developing and implementing strategies related to Sprint emerging growth opportunities and held various vice presidential level marketing assignments.

II. Sprint ION Deployment

The Telecommunications Act of 1996 encourages both the development of competition in local exchange markets and the deployment of advanced services to Americans. Sprint ION assists in meeting both goals: it brings competitive communications offerings to current local exchange carrier (LEC) monopoly customers and it does this through the use of advanced technologies created for the data age rather than the technologies used in yesterday's plain old telephone service.

The networks and technology deployed by traditional telephone companies, both local and long distance, rely upon circuit switches to route both local and long distance

voice traffic using a time division multiplexing (TDM) technology. While voice traffic is the bulk of the communications traffic today, data traffic is increasing rapidly with growth in use of the Internet and the developing capability of converting voice TDM traffic to a data format that can be carried on more modern data networks. Data traffic is growing at a much more rapid pace than traditional voice traffic and is expected to be the bulk of the communications traffic in the near future.

Sprint's new ION service integrates traditional voice TDM traffic, Internet traffic, Frame Relay traffic, and other data traffic on one customer access facility and carries all of this traffic in the asynchronous transfer mode (ATM) data format through the Sprint network. The initial conversion of these various formats takes place at the customer premises where all of the traffic is converted to ATM and transported to Sprint's network for delivery to the terminating point.

Sprint ION service will be capable of carrying the traffic of Sprint ION customers over any distance, whether the communication is delivered within a city, across a state, or across the nation, without regard to artificial regulatory boundaries. For communications terminating to end users that are not Sprint ION customers, Sprint will convert the Sprint ION format to the format needed to communicate with the off-net non-Sprint ION customer.

As Sprint deploys Sprint ION, it will focus customers on the efficiency gained by integrating all services on one access facility, increased functionality provided to customers through increases in bandwidth, and innovations in customer control by providing easy to use service configuration functionality to the customer. For example, a smaller customer will have the capability to create up to six voice communications

channels where only one existed before and greatly increase the data throughput speed of its access to the Internet and other data applications. Configuration choices will be available to the customer through an easily used computer program.

For businesses large and small, the Sprint ION technology enables networked multimedia applications that efficiently link employees, customers and external partners by providing virtually unlimited bandwidth to all work locations. This will facilitate E-Commerce to help reach new markets; interactive distance learning for employees at all locations; management of a telecommuting and/or geographically dispersed workforce; and real-time video desktop collaboration, connecting both internal and external participants at multiple locations.

Sprint intends to offer Sprint ION service to large businesses using dedicated access and to smaller businesses and residential customers initially via xDSL access solutions. Sprint has plans to provide Sprint ION service in metropolitan areas containing over 65 percent of the population of the United States.

Initially, in late 1998, Sprint will offer Sprint ION service to a select group of customers in seven cities. In early 1999, the number of customers to whom and the number of cities where Sprint ION service is offered will increase dramatically.

Later in 1999, Sprint will begin offering Sprint ION service to smaller customers as alternatives to dedicated access service become available. One method of supplying the additional communications bandwidth required for Sprint ION service to these smaller customers is xDSL technology. Sprint will collocate xDSL equipment in selected central offices of incumbent local exchange carriers (ILECs) to gain access to ILEC unbundled network element (UNE) loops. A data-capable loop, one free of problems that degrade its

potential performance, when connected to xDSL technology at the customer premises and in the central office, provides the bandwidth necessary for Sprint to offer Sprint ION service. Sprint's collocation program will extend into the year 2000.

In the latter half of 1999, Sprint expects to increase the functionality of Sprint ION service to include the ability to combine what had previously been local voice calling with other communications on the all-distance Sprint ION platform. Addition of this capability will allow a customer to integrate their local service with other services through a single Sprint ION service using a single access facility to the customer premises. At this point, Sprint will be providing facilities-based competition for the business of the local customer.

Sprint anticipates that ION service will appeal to not only many of its current voice and data customers, but also to additional customers seeking innovative communications solutions to both local and long distance communications needs. The average consumer likely to be interested in Sprint ION services uses two or more local lines, an Internet service provider, custom calling features or packaged services and has long distance usage. As the RBOCs gain authority to provide long distance service within their current operating areas, Sprint ION service will compete with the RBOCs for local and intraLATA toll services as well as long distance service previously offered only by the interexchange companies.

Sprint has considered using xDSL services offered by the ILECs. However, the issue of whether the ILECs need to offer this service to carriers is the subject of on-going proceedings at the Federal Communications Commission. Several of the ILECs have asserted that xDSL services should not be available to carriers for either resale or UNE use. In particular, Ameritech offers its xDSL services through a separate affiliate and has

shown no interest in providing xDSL to Sprint either as a service or as a UNE.

Southwestern Bell does not yet have commercial xDSL service available and it is not clear whether it, too, will attempt to insulate availability of xDSL to carriers through the use of a separate subsidiary.

Even where ILEC xDSL may be arguably available to Sprint, the deployment of xDSL by ILECs, as offered, does not meet the needs of Sprint for use in providing Sprint ION service. Sprint ION is an integrated, all-distance service that combines local and long distance, voice and data. The ILEC deployment of xDSL is a data only service that places additional equipment at the central office and the customer premises to strip off plain old telephone service (POTS) voice traffic (both local and long distance) to the ILEC circuit switched local exchange and exchange access network. This stripping of voice traffic defeats one of the primary benefits of Sprint ION – integration of voice and data using Sprint's ATM based network.

Sprint desires to use the xDSL facilities of the ILECs, particularly in smaller offices where Sprint collocation of its own xDSL equipment is not as economical because the number of potential customers in an office is low. In these offices, sharing the xDSL equipment makes sense from a cost standpoint for all parties. Unfortunately, it appears that competitive obstructionism by the ILECs may well overcome the merits of cost sharing.

III. RBOC Roadblocks to Competition

Competition has been slow in coming to telecommunications markets. Long distance markets began truly opening to competition upon the divestiture of the RBOCs from AT&T. In the landmark antitrust litigation that brought about the RBOC divestiture, evidence convincingly indicated that the RBOCs had used their market power to impede the entry of competitors into the long distance marketplace. The remedy for this anti-competitive activity was separating the potentially competitive long distance market from the local exchange monopoly market. When this occurred, and the RBOCs no longer had an incentive to block long distance competition, actual competition in the long distance market blossomed and resulted in the highly competitive long distance marketplace Americans enjoy today.

Before the divestiture, evidence indicated that the RBOCs used their monopoly position to disadvantage competitors as they attempted to enter the long distance market. It was shown that the RBOCs provided better terms and conditions to their own long distance affiliate than to competitors, that the RBOCs provided higher levels of service to their long distance affiliate than to competitors, that the RBOCs flatly refused to provide needed facilities to competitors, and that the RBOCs disparaged competitors. Given the fact that the RBOCs had, and by the way continue to have, a near monopoly in the facilities needed to serve end users, these actions precluded effective competition in the long distance market.

The RBOCs retain the capability to harm potential competition in local markets and they have the incentive to exercise that power in a negative manner to delay meaningful local exchange competition. The RBOCs' near monopoly in access to local customers is the key to their continuing ability to impact local competition by failing to

provide quality access to those monopoly facilities to companies such as Sprint. While the Telecommunications Act of 1996 requires RBOCs to open their local markets to competition and to treat competitors at parity with the RBOC in terms of Operational Support System (OSS) capabilities and access to facilities, the difference between words and action is clearly evident in the behavior of the RBOCs.

Both Ameritech and SBC have claimed that they have met their obligations under the 1996 Act. However, in several cases examined by state public utility commissions and by the FCC, both companies have been found to have failed to meet the OSS and access requirements of the Act. For example, Sprint participated actively in proceedings in California, Oklahoma, Texas, Arkansas and Kansas regarding SBC's compliance with Section 271, and each of these state commissions has announced that it is unable to find that SBC has met its legal obligations under the Act. Likewise with Ameritech, the Michigan Commission and the FCC have found that Ameritech has failed to meet its Section 271 obligations. The conclusion to be drawn from this failure is that neither SBC nor Ameritech have embraced competition and relaxed their hold on local markets.

Today, all long distance carriers remain largely dependent upon the ILECs for access to their customers. In this regard, Sprint is like other interexchange carriers. As Sprint expands from its long distance customer base to also serve all-distance Sprint ION customers, Sprint is dependent upon both Ameritech and SBC for last mile wire line access to end users. As I explained previously, Sprint ION service will reach customers through either a dedicated access line purchased by Sprint from an RBOC (in most instances), through an xDSL loop and collocation space leased from an RBOC or, potentially through a resold ILEC xDSL service if a compatible service becomes available

at a reasonable price. In all of these cases, the RBOC owns the last mile of access (although CAP alternatives may be available for dedicated access to some degree). In the case of xDSL collocation, the RBOC also controls the central office space where xDSL equipment must be located to connect with the copper loops of the RBOC in order to function. In the case of xDSL service provided by the RBOC, the RBOC controls the total xDSL access facility.

The RBOCs have many ways to exercise their ability to harm Sprint in its drive to compete in the local market with the RBOCs. In order to compete in the local market Sprint needs efficient, standardized OSS that allow productive and timely pre-ordering information and ordering of facilities and services from the ILEC. These systems should provide parity performance with the systems used by the ILEC itself in its retail operation. As has been found by many state commissions and the FCC, these standardized systems do not exist today.

Further, Sprint orders must be worked in the same time frame as RBOC end user orders and both sets of customers should receive parity treatment relative to installation and maintenance of service. Parity service does not exist today, and ILECs resist creating measurements to quantify the disparity. The FCC has a proceeding proposing model measurements, but it has not suggested it will require use of these measures. Further, many states lack reasonable measures that identify and quantify the disparity.

In a facilities-based environment, the RBOC must also provide quality and timely interconnection, reasonable collocation conditions, and reasonable, cost-based pricing. In Sprint's view, these conditions have not yet been met and there are significant questions concerning the ground rules for meeting these needs. Take interconnection as an example.

Sprint ION service is an integrated all distance, local and long distance, voice and data product. Sprint's efficiency depends on aggregating all of the customers' traffic over a single access network and Sprint's efficiency is improved through a single interconnection with the ILEC. It remains unclear whether ILECs will allow Sprint to operate in this manner.

Sprint's typical Sprint ION node deployment plans place the node at the Sprint traditional long distance point-of-presence (POP) location. The most efficient access network design for Sprint would be to allow all non-ION traffic (off-net ION traffic and traditional Sprint long distance traffic, both local and long distance) to use a single access transport facility and single interconnection to the ILEC network. Ameritech, for one, prohibits this outcome by demanding that Sprint use different trunk groups for local and long distance traffic and that the two types of traffic be routed to different points of interconnection with Ameritech.

Southwestern Bell is an anomaly in the industry relative to collocation requirements. While all other RBOCs allow collocating companies to use all of their space for their own purposes, Southwestern Bell insists on locating its own point of termination (POT) frame and associated equipment in the collocation space. This reduces the space available for equipment of the collocating party, raises cost to competitors and is an unresolved problem of competitive significance.

There also remain significant unresolved costing and pricing problems. With the exception of Texas, where Southwestern Bell's collocation rates were established pursuant to a regulatory proceeding, Southwestern Bell has what appears to be the most excessive collocation rates in the nation. These rates are not based on incremental cost studies,

rather they are individual case basis quotes that Sprint believes use the interstate fully distributed cost methodology established years ago under a significantly different regulatory and competitive paradigm. The question of appropriate collocation costing has also been raised at the FCC, for example, in the FCC's Section 706 proceeding, CC Docket 98-147. The pricing questions remain unresolved and still in contention.

In addition, UNE loop prices remain an active, contentious and unresolved issue. In many states what constitutes an xDSL capable loop has not been identified and the pricing of such a loop has not been determined. This is the case in Sprint interconnection agreements with Southwestern Bell and in Southwestern Bell's generally available tariffs. Thus, the obligations of the ILECs in this regard remain undefined.

The RBOC has control over each of the elements that relate to its monopoly control over last-mile facilities. The failure to provide any one of these functions on a reasonable, timely, and cost effective basis has great impact upon Sprint's ability to succeed in the local exchange market. As discussed, the terms and conditions under which these elements are offered (if they are offered at all) do not allow for viable access for competitors.

In general, the RBOCs have failed to provide sound and capable OSS for CLEC use in ordering services and facilities from the RBOCs. This failure results in a better level of service for RBOC end users than for the customers of competitors. The RBOCs have also failed to provide parity service regarding installation and maintenance of their facilities used to serve customers of their competitors as compared to that provided their own end users.

These two problem areas create both a real and customer perceived quality gap between the RBOCs' service and the services of their competitors. In addition, these problems greatly and needlessly inflate the operational and customer service costs of competitors because time is spent manually processing orders and following up with customers and the RBOC concerning ordering, installation and maintenance. This inefficient customer service activity significantly raises the cost of customer acquisition and keeps competitors from being successful in the market. Further, the OSS and related problems at the RBOCs result in a significant loss of revenue to Sprint due to delayed cut-over of service, loss of customers and damage to Sprint's reputation as a quality telecommunications provider. Sprint continues to face actual unresolved problems in this area.

In California, for example, Sprint customers continue to be billed by an ILEC even though the ILEC no longer has a relationship with the customer. In today's vernacular, this is "cramming" (billing for services the customer did not order) by the ILEC and it is an activity that directly impacts competition in a negative manner. As customers face cramming problems they question whether they can avoid these problems by simply staying with the ILEC. This increases customer inertia and chills competition.

Sprint has suffered problems from multiple RBOCs, including SBC and Ameritech. For example, Sprint operates as a competitive local exchange carrier in Florida. While not currently providing Sprint ION, Sprint's Florida competitive local operation is facilities-based and depends upon the acquisition of unbundled loops from the incumbent RBOC, just as Sprint will need to acquire unbundled loops for Sprint ION. In Florida, the incumbent RBOC continues to fail to meet its commitment to return Firm

Order Confirmation ("FOC") within forty-eight hours of receipt of an accurate order. The FOC is critical because Sprint must rely upon it in committing "in service" dates to new customers. However, the RBOCs have routinely failed to meet their FOC return commitment, forcing Sprint to expend significant time repeatedly calling the RBOC to check on the status of FOCs. This results in delay in internal Sprint order processing, adds significant costs due to human intervention, and greatly increases the probability of missing customer desired due dates, and as a result, loss of the customer who will often return to the RBOC after such a negative experience.

In situations where new facility installation is required, the RBOC routinely fails to provide timely notification of facilities availability issues which often prevents Sprint from meeting its due date commitments to customers. This forces the re-scheduling of work activity, causing not only increased cost to Sprint, but also inconvenience to customers and vendors. At best, this puts Sprint in the position of appearing inept and unresponsive to its customers, and at worst results in loss of the customer.

These problems may well be worse when Sprint begins to provide Sprint ION through xDSL and unbundled loops. xDSL technology provides the ability to carry high-speed digital signals over the existing twisted-pair copper local loops. The performance of the xDSL equipped local loop will largely depend on the condition of the individual copper pairs and the presence of other digital signals. Many existing local loops will require individual treatment in terms of conditioning in order to carry the high-speed digital signals directly to the customers' premises. As I detailed above, the standard to which these loops must be conditioned has not been established in many states. Further, an inventory of xDSL capable loops is unavailable.

Additionally, the ongoing performance of the conditioned loops depends largely upon whether other digital signals are carried within the same cable sheath or binder, thus raising the concern of interference from these other signals. Because the RBOC exclusively controls access to the monopoly loop, the conditioning of the loops, and the placement of digital signals within a binder group of loops, Sprint is at risk from RBOC discriminatory treatment. The fact is that standards for these binder groups have not yet been established in most states and only a few states currently have proceedings underway related to this significant problem. The fact remains that the RBOC can refuse to provide loops to Sprint or simply provide poor quality loops that can affect Sprint's ability to either deliver service or to deliver quality service in a timely fashion.

Even if the RBOC performs loop conditioning, it may not actually perform required conditioning at a reasonable charge. Where the xDSL capable loop has not been identified as a UNE, the cost of conditioning has not been established. Excessive charges for either UNE loop provisioning or for loop conditioning result in a situation where the provision of competitive local service is not economical. Indeed, not all of the RBOCs, including SBC, have agreed to perform the necessary conditioning work or will only do so only at excessive rates. For example, according to Pacific Bell's rate schedule conditioning of an ADSL loop is potentially in excess of \$1000.00 for the removal of repeaters, bridge taps, and load coils.

In addition to these problems affecting UNE loop availability, many RBOC loops are behind Digital Loop Carrier (DLC) equipment that prevents the provision of xDSL service on these loops. At this point, availability of UNE loops behind a DLC is a very contentious and unresolved issue at both the FCC and the states. While there are potential

solutions to this problem, the RBOCs as a rule have refused to entertain requests to collocate CLEC equipment at RBOC DLC locations and to perform sub-loop unbundling for the twisted-pair copper from the DLC to the end user premises. Since many new residential and business developments are served by RBOC DLC equipment, the RBOCs are denying CLECs access to these upscale customers by refusing to perform sub-loop unbundling and collocation at DLC equipment locations.

There are additional loop-related potential problems for local service competitors. Generally, the RBOCs have not committed to provide timely information about which loops can be or are conditioned for xDSL. This lack of efficient OSS pre-ordering systems causes competitors significant problems qualifying potential customers for service and further frustrates their ability to meet customer expectations and provide firm orders for service when contacted by a customer.

Sprint ION initiatives can also be impaired by unreasonable collocation practices. An increasingly troublesome problem is the publicly documented RBOC claim of lack of space in RBOC central offices for physical collocation of the equipment of competitors. The RBOCs have tended to make claims of space unavailability even when such space is reasonably available. For example, at SBC's Pacific Bell affiliate, wholesale claims of space unavailability were modified only when commission action was threatened. Public complaints indicate the RBOCs have generally been unwilling to provide detailed floor plans or allow walk throughs so that CLECs can independently verify that RBOC claims of lack of space are reasonable.

In many instances where RBOC central offices appear to be full, there is unused equipment that has not been removed or administrative personnel that are not essential for

the performance of network functions. This takes up space that could otherwise be reasonably used for collocation purposes. In most of these instances, Sprint believes the unused equipment could be removed and personnel not essential to the operation of the network could be economically relocated, thus freeing space for collocation.

Additional lack of space claims are due to unreasonable warehousing of space for potential use by the RBOC, including for the RBOC's own deployment of competing advanced services. Sprint believes that reserving a reasonable amount of space by the RBOC for its own use (not that of an affiliate) for one year for actual, planned activities should be permissible. Unfortunately, it appears that current RBOC warehousing goes far beyond this reasonable standard and has resulted in unfounded claims of collocation space unavailability. Without collocation, there can be no competitive xDSL-based competitive services using the RBOC UNE loops.

Competitors may be further hampered in their collocation activities by unreasonable RBOC refusals to allow collocation of essential equipment, including DSLAMs (digital subscriber line access multiplexers—the central office end of xDSL technology) which they claim provide too much functionality to be eligible for collocation. For example, Ameritech has advised Sprint that DSLAMs and associated equipment can only be collocated if certain functions are certified as being unused and/or unusable. Ameritech, among others, has specifically questioned the functionality of equipment needed by Sprint to manage its collocated xDSL facilities.

Additionally, RBOCs are often imposing overly stringent compliance requirements regarding Network Equipment – Building System (NEBS) levels when dealing with equipment that is to be collocated. While Bellcore notes that NEBS Level 1 compliance is

acceptable for “equipment used for non-vital services and Competitive Access Provider collocated equipment”, some RBOCs are effectively blocking the collocation of advanced services equipment by insisting on NEBS Level 3 compliance. An RBOC may design its own systems to be NEBS Level 3 compliant, but collocated equipment should not be required to exceed NEBS Level 1 as Bellcore suggests. Such requirements have no reasonable technical basis, but can only serve to frustrate local competition to the RBOC.

Another collocation problem that has arisen involves excessive delays in delivery of physical collocation quotes and finished space. Competitive DSL providers have reported delays in excess of one year in some cases. These delays are unreasonable and preclude competitors from bringing their services to market. They may in some instances discourage entry by some competitors entirely. In fact, Ameritech threatened to reject Sprint’s collocation request because it appeared in a “portrait” rather than “landscape” format, noting that it had in fact rejected other applications for similar reasons.

RBOCs have also reportedly imposed other artificial and unreasonable barriers, including unjustified minimum space requirements, unjustified certification requirements, and excessive collocation charges that appear to have no relation to cost. Some DSL companies have reported instances where the RBOC has refused collocation absent state CLEC certification, even though the FCC ruled in its Interconnection Order that ILECs could not refuse to negotiate interconnection with CLECs based on whether state certification had been obtained.

A further complication is the lack of RBOC-offered alternatives to physical, caged collocation when space truly is limited. Virtual collocation arrangements typically require the CLEC to relinquish control over the installation and maintenance of its own

equipment, and thus are offered only on a basis that is substantially inferior to physical collocation. Similarly, only a small number of the RBOCs have offered cageless collocation, but even then, only at the artificially inflated prices they charge for physical collocation. The absence of economically viable alternatives to physical collocation where space is a genuine limitation is another potential impediment to Sprint ION in particular and true competition in general.

As Sprint indicated above, it intends to serve large customers via dedicated special access facilities acquired from the RBOCs. While the RBOCs currently have an adequate system for ordering these access circuits, Sprint is also concerned that the RBOCs will begin to degrade this capability when it is used for Sprint ION service that will facilitate competition with the RBOC on a local level. Degradation of this capability could seriously harm not only Sprint ION deployment, but could also harm ongoing Sprint long distance operations. Not counting trouble reports, Sprint's long distance arm sends thousands of new access orders per month to each RBOC (many if not most of which are special access) and thus remains highly dependent upon the RBOCs' congenial provisioning of access.

Further, in the early phases of Sprint ION deployment, competitive local service will be provided through resale of RBOC local services to Sprint customers. The RBOCs currently do not have adequate OSS systems in place to serve the larger, more complex customers that are the initial target market for Sprint ION. The OSS systems that do exist are largely dedicated to simple orders.

Sprint has experienced first hand in SBC's Pacific Bell area the multitude of problems that arise from RBOC manual processing of orders - they get lost, delayed,

changed in RBOC data entry, and/or erroneously rejected. This leads to a poor level of service to Sprint and its customers. Sprint is concerned that history will repeat itself and that the RBOC will harm Sprint's market entry by poor manual performance on these complex resale orders and xDSL capable UNE loop orders.

Many of the problems I have discussed have been fully documented to the Commission in Section 271 proceedings, 706 petitions and proceedings and other FCC dockets. Some may well be on the way to being fixed through the complaint process or rulemakings. But as a provider of a technically new and dynamic service such as Sprint ION, Sprint is concerned not only with repairing each known misstep but the problems that will inevitably arise in the future. Stated another way, the problems identified to date by Sprint and others do not define a closed set of discrimination opportunities. Especially with the dynamically changing technological environment that characterizes telecommunications, each future modification, no matter how marginal, presents the RBOCs with another opportunity to delay or deny access.

We are too often told by RBOCs “we don’t provide that” or “there’s no provision in the tariff for that.” This intransigence may sometimes just reflect a monopoly supplier attitude, but where there is an additional competitive incentive to delay or deny input, companies like Sprint are especially at risk. I also fear that, if incentives to discriminate worsen (as they would with this merger), it would be virtually impossible to gain full cooperation from the RBOCs, even with vigorous law enforcement. As soon as watchful regulators insist that RBOCs provide one particular arrangement based on a specific complaint, the RBOCs will simply turn to yet another vulnerability to exploit.

In addition, even if regulators were able to rectify each instance of obstructionism as it occurred, the time required to resolve the complaints would inevitably impede our ability to deploy Sprint ION in a timely way in the combined SBC/Ameritech territories in particular. By reducing the number of Sprint ION subscribers in the SBC/Ameritech service areas, the attractiveness of Sprint ION to consumers in other parts of the country will also be reduced. As a result, the ability of Sprint ION to provide competition to ILECs in general and SBC and Ameritech in particular will be diminished until, if ever, SBC and Ameritech provide Sprint with all of the arrangements required for Sprint ION to be fully competitive.

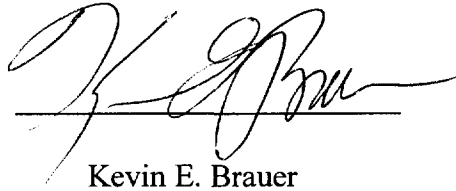
Finally, I discussed earlier the need for Sprint ION to quickly achieve deployment across a wide geography because of the need to create the maximum Sprint ION footprint to attract and better serve customers. Because of their last mile bottleneck, the RBOCs are the gatekeepers to large blocks of geography in the United States. Negative action by any one RBOC relative to Sprint ION last mile access and collocation impacts the geographic scope of Sprint ION. A reduction in the geographic scope of Sprint ION significantly reduces the attractiveness of the service to customers as the “on-net” benefits are curtailed.

While one RBOC causing deployment problems for Sprint ION is very troublesome, the creation of an entity capable of impacting 58 million access lines is an even larger concern because of the larger scope of the geography one supplier can affect and thus impact the deployment plans and potential success of Sprint ION. As larger and larger geographic regions of the nation become problem areas for Sprint ION deployment due to the activity of a single supplier, the potential for Sprint ION meeting its full competitive promise is significantly compromised.

IV. Summary and Conclusions


To summarize, because Ameritech and SBC have monopoly control of last-mile facilities essential for access to end users, and central office space essential to deploy xDSL technology, they have the ability to adversely impact local service competition and the introduction of new services by denying access to these facilities or degrading performance associated with these facilities. Because these RBOC last-mile facilities will be used to compete on a local basis, the RBOC has an incentive to discriminate against Sprint and other potential competitors and provide poor OSS performance, installation and maintenance performance, and access to facilities. The control these carriers enjoy over essential inputs can be used to damage competition in the markets for local, long distance and new services. These problems will be exacerbated if the companies are allowed to merge.

I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.


Kevin E. Brauer

Subscribed and sworn before me this 12th day of October, 1998.




Notary Public

My commission expires:

